

REMARKS

Claims 1-18 are pending and at issue in this patent application. Of these, claims 1, 7, 12, 14, and 17 are independent. Applicants respectfully request reconsideration and favorable action in this case.

Applicants respectfully traverse the rejection of claims 1-18 as directed to non-statutory subject matter under 35 U.S.C. § 101.

Applicants request that the Examiner provide a basis for this rejection, as the Examiner states that the "[i]n the present case, claims 1-8 do not recite any structure or functionality to suggest that a computer performs the recited claims," and then conclusively states that the claims are non-statutory subject matter. Applicants understand that the pending claims fall entirely under the "useful process" category, the first of the four enumerated categories of patentable subject matter of 35 U.S.C. § 101, stating that "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent" 35 U.S.C. § 101.

As best interpreted by Applicants, Examiner rejects the claims as non-statutory because the claims lack language incorporating physical limitations into the methods, i.e., embodying the claimed process into a computer. However, as discussed in *AT&T Corp. v. Excel Communications*, 172 F.3d 1352 (Fed. Cir. 1999), there is no requirement to have a physical embodiment of a process. As stated in *AT&T*, the business method exception, where certain physical embodiments were required of a process in order for the process to be patentable, has since been discarded. *Id.* at 1356. The Federal Circuit in *AT&T* disagreed with defendant's reliance on the business method exception:

"Excel also contends that because the process claims at issue lack physical limitations set forth in the patent, the claims are not patentable subject matter. This argument reflects a misunderstanding of our case law." *Id.* at 1359.

The Federal Circuit proceeded to distinguish case law relied upon by the defendants relating to situations where means-plus-function language was used, in which case structural language was required in the specification, from situations without means-plus-function claims, in which there is no physical embodiment requirement.

Furthermore, if by "non-statutory" the Examiner means that there may be a mathematical algorithm exception to the pending claims (e.g., the fact that information regarding financial transactions are manipulated by the method of the pending claims), then Applicants respectfully traverse this by reminding the Examiner that the test put forth in *Excel* for determining when a mathematical algorithm is appropriate is "whether the mathematical algorithm is applied in a practical manner to produce a useful result." In this application, the methods recite a method for selling disposable giftcards, where the method provides a retailer(s) the ability to selectively restrict use of giftcards to designated other retailers in order to provide useful cross-marketing functions. Thus, the claims of the present application are patentable subject matter.

In response to the rejection of claim 1 as obvious over Risafi et al. (U.S. Patent No. 6,473,500) in view of Walker et al. (U.S. Patent No. 6,193,155), Applicant's have amended claim 1 to positively recite, in part, designating a second retailer with whom the giftcard may be exclusively used, and activating a selected one of the displayed giftcards for exclusive use with the designated second retailer upon receipt of a purchase amount from a customer.

The cited combination wholly fails to teach or even suggest such limitations. The Examiner acknowledges that Risafi does not disclose designating a second retailer with whom the giftcard may be exclusively used, and instead relies on Walker for such a teaching.

However, even the passage in Walker cited by the Examiner teaches directly away from the claimed invention.

Specifically, the Examiner cites Walker column 5, lines 25-38, and states that:

Walker et al teach that a user purchasing the giftcertificate [sic] may select merchants or retailers in which the gift recipient may use the gift certificate.”

Detailed action, at page 3.

As pointed out by the Examiner, this citation expressly teaches that the ability to designate a merchant with whom to redeem the gift certificate is left to the gift recipient. This aspect of the reference teaches directly way from the claimed method, in which the redemption is exclusive to a designated second retailer, and in which the claimed activation step activates the card for exclusive use with the designated second retailer. Thus, the Walker reference plainly teaches away from the claimed invention, and instead teaches that the recipient of the gift certificate may redeem the gift certificate at any merchant of his choosing. There would be no suggestion to discard this express teaching of Walker, and therefore there cannot be a *prima facie* case of obviousness based even in part on the Walker reference. Accordingly, claim 1 is in allowable form.

Furthermore, there would be on him no motivation to combine Risafi with Walker in any event. It is well established that the prior art must provide a suggestion of or provide an incentive for a claimed combination of elements in order to establish a proper *prima facie* case of obviousness. See, *In re Oetiker*, 24 U.S.P.Q.2d 1443, 1446 (Fed. Cir. 1992); *Ex parte Clapp*, 227 U.S.P.Q. 972, 973 (Bd. Pat. App. 1985). This principle holds true even if the applied art could be modified to produce the invention recited by the pending claims. See, *In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re Gordon*, 221 U.S.P.Q. 1125, 1127

(Fed. Cir. 1984) ("The mere fact that the prior art could be so modified would not have made the modification obvious unless the prior art suggested the desirability of the modification.")

Simply put, neither Risafi nor Walker are concerned with designating a second retailer at which the gift card user may redeem the gift card. Quite to contrary, for example, in Walker the approval of the transaction is ultimately controlled by a credit card account in which authorization is governed by a credit card issuer 102. See, for example, lines 39-59. If the authentication of the transaction is governed by the existence of a valid credit card account, there simply would be no need to control or designate a second retailer with whom the gift card may be exclusively used. Moreover, applicant's claimed method relates to an authorized giftcard, and redemption thereof is not contingent on the existence of a valid credit card account. There simply would be no suggestion to modify two references that plainly promote unfettered usage of their certificates and gift cards at the sole discretion of the gift card or coupon holder, and convert these references into a system in which the second retailer is designated in advance. Once again, there cannot be a *prima facie* case of obviousness, and claim 1 is in allowable form.

Claims 2-6 depend from claim 1, either directly or through intervening claims. Accordingly, these claims are also in allowable form.

With respect to independent claim this 7, 12, 14 and 17, for the reasons outlined above with respect to claim 1, there likewise cannot be a proper *prima facie* case of obviousness of these claims based on the cited combination. Accordingly, those independent claims, and the claims dependent thereon, are all in allowable form.

CONCLUSION

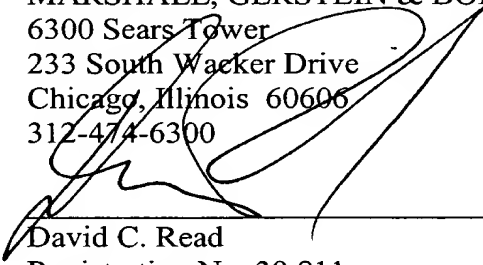
Applicants submit that this case is in a condition for immediate allowance. For the foregoing reasons and for other reasons clearly apparent, Applicants respectfully request reconsideration and allowance of rejected claims 1-18.

If there are matters that can be discussed by telephone to further the prosecution of this application, the Examiner is invited to call the undersigned attorney at the number listed below.

Respectfully submitted,

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